



The Office of Retirement
HR/RET



Retiree Newsletter

Published Annually for FS Retirees

November 2003

Dear Foreign Service Annuitant:

This annual letter provides important information about your **retirement benefits, life insurance** and other matters.

COST-OF-LIVING ADJUSTMENT

1. ***We begin with some good news. This year's cost-of-living adjustment (COLA) will be effective December 1, 2003 and payable in the annuity payment dated January 2, 2004.***
2. **The amount of the COLA to be paid in January 2004 will vary according to your retirement plan and the commencing date of your annuity.** Those receiving benefits under the "old" FSRDS will receive a **2.1% COLA**. Those receiving benefits under the "new" FSPS will receive a **2.0% COLA on the FSPS part of their annuity and a 2.1% COLA on the FSRDS part, if any, of their annuity.** Any employee whose annuity began **on or after January 1, 2003** will receive, **instead of the full COLA described above**, a prorated COLA based on the number of months benefits were paid before December 1, 2003. **PLEASE NOTE: Anyone retired under the "new" FSPS who receives an "annuity supplement", will receive the COLA described above on the regular annuity, but will not receive a COLA on the annuity supplement.**

REEMPLOYMENT AFTER RETIREMENT

1. If you are reemployed after retirement in a position in the Federal Government, ***you must notify the Office of Retirement.***
2. In general, the law provides for suspension of the annuity if you are reemployed in the Federal Government on a full-time basis.
3. If you are reemployed in the Federal Government on a **part-time, intermittent (WAE) or temporary basis**, your annuity may generally continue subject to a ceiling on total compensation (annuity plus salary) which is the higher of (a) the annual (full-time) salary of position in which you are reemployed or (b) the rate of annual salary at retirement (unadjusted for inflation).

LONG TERM CARE INSURANCE

On September 19, 2000, Public Law 106-265 was enacted, which included “The Long Term Care Security Act”. Long-term care insurance (LTC) is insurance that pays benefits to cover services that individuals may need because they are unable to care for themselves because of an extended illness or injury, or an age-related disease such as Alzheimer’s. LTC can provide broad, flexible benefits for nursing home care, care in an assisted living facility, care in your home, adult day care, hospice care, and more.

Further information can be obtained by accessing the Office of Personnel Management’s website, www.opm.gov/insure/ltc. To speak to a certified long-term care insurance specialist, call: **1-800-LTC-FEDS/1-800-582-3337**, TDD: 1-800-843-3557, 8:00 a.m. – Midnight, Eastern Time.

FEDERAL EMPLOYEES’ GROUP LIFE INSURANCE (FEGLI)

NEW PREMIUMS FOR OPTION B

The Office of Personnel Management (OPM) periodically reviews the FEGLI premiums to determine whether circumstances require any changes. The latest monthly premiums are shown below:

PREMIUM TABLES

1. MONTHLY PREMIUMS, EFFECTIVE 1-1-03:

I. Basic Life Insurance Coverage

Premium per \$1,000 = \$.325

Reduction Election:	75%	50%	No Reduction
Reduction Election Premium per \$1,000	-0-*	\$.60	\$1.83

*Some annuitants pay a premium for this coverage.

II. Optional Life Insurance Coverage

Age Band	Option A (Standard)	Option B (Additional) (per \$1,000)	Option C (Family) (per multiple)
Under 35	\$.65	\$.065	\$.59
35-39	.87	.087	.74
40-44	1.30	.130	1.00
45-49	1.95	.195	1.30
50-54	3.03	.303	1.95
55-59	5.85	.607	3.14
60-64	13.00	1.300	5.63
65-69		1.538	6.50
70-74		2.232	7.37
75-79		3.098	9.75
80+		3.965	13.00

Please note that the premiums for Option B will change, effective 1-1-04, for age bands 70-74, 75-79 and 80 & over.

IMPORTANT NOTE: The Optional Life Insurance changes previously described affect annuitants under age 65 who are paying for life insurance. If you are age 65 and are not paying for life insurance, any life insurance coverage you have continues as though these changes had not been made.

2. **VERY IMPORTANT--> SPECIAL NOTICE TO ANNUITANTS WHO REACH AGE 65 WITH OPTION B OR OPTION C LIFE INSURANCE COVERAGE:**

Annuitants with Option B Coverage

You may elect **No Reduction or Full Reduction** for your **Option B** coverage.

If you have more than one multiple of Option B, you may now elect No Reduction for some multiples and Full Reduction for the remaining multiples.

No Reduction means premiums will continue for life *(although premium rates may change in the future)* and the value will never reduce *(unless you change your election)*.

Full Reduction means premiums will end and the value will reduce by 2% of its original value for 50 months, *beginning the second month after you reach age 65, until it reaches zero.*

You may change a No Reduction election to Full Reduction at any time, but **you cannot change Full Reduction to No Reduction after reductions begin.**

Annuitants with Option C Coverage

If you retired **after April 24, 1999**, you may elect **No Reduction or Full Reduction** for your **Option C** coverage.

If you have more than one multiple of Option C, you may now elect No Reduction for some multiples and Full Reduction for the remaining multiples.

No Reduction means premiums will continue for life *(although premium rates may change in the future)* and the value will never reduce *(unless you change your election)*.

Full Reduction means premiums will end and the value will reduce by 2% of its original value for 50 months, *beginning the second month after you reach age 65, until it reaches zero.*

You may change a No Reduction election to Full Reduction at any time, but **you cannot change Full Reduction to No Reduction after reductions begin.**

3. SUMMARY OF PROVISIONS WITH REGARD TO ANNUITANTS AT AGE 65 WITH OPTION B AND OPTION C LIFE INSURANCE:

Before you reach age 65, you will have the option of keeping some or all of the multiples of your Option B and Option C coverage. To do this, you need to complete and return the enclosed election form to the Office of Retirement **by the end of the month after the month in which you reach age 65.**

If you want to make an election for your Option B and Option C coverage, you must return the completed election form (see enclosure) to the Office of Retirement in accordance with the deadlines for your age group.

DESIGNATION OF BENEFICIARY

If you designated a beneficiary of your FEGLI, please keep your designations current. If you wish to update your designation of beneficiary (if a named beneficiary dies or changes address), you may request a Form 2823 from the Office of Retirement.

CHANGES IN MARITAL STATUS/SURVIVOR ELECTION

1. **All annuitants (retirees *and* survivors) are asked to keep the Office of Retirement informed of any change in marital status.** Delays in reporting these changes may defer or prevent important adjustments in benefits, such as:

(A) **Spouses who divorce** may be entitled to continuation of health insurance coverage under the FEHB Program.

(B) **A retired annuitant who had elected a survivor annuity for a spouse *and* whose marriage terminates by death or divorce**, may be entitled to an increase in annuity, effective the first of the month after the one in which the marriage terminated. If the marriage terminated by divorce, the former spouse may qualify for part of the retiree's annuity and/or survivor benefit.

(C)(1) **An annuitant under the "old" retirement system, *the Foreign Service Retirement and Disability System*, who marries after retirement *and* who had not declined to elect a survivor benefit for a spouse at retirement** may, in general, elect a survivor annuity for a spouse acquired after retirement, provided the election is made within **one** year of marriage.

The **election** of a survivor annuity is **effective after nine months of marriage**, but the **reduction** in the retiree's annuity is **effective after one year of marriage**.

(C)(2) **An annuitant under the "new" retirement system, *the Foreign Service Pension System*, who marries after retirement *and* who had not declined to elect a survivor benefit for a spouse at retirement** may, in general, elect a survivor annuity for a spouse acquired after retirement, provided the election is made within **two** years of marriage.

The **election** of a survivor annuity is **effective after nine months of marriage**, but the **reduction** in the retiree's annuity is **retroactive to the commencing date of the annuity, or the last date a reduction was in effect for a prior spouse. *Interest on the retroactive reduction is also charged. A new law allows the retroactive amount to be paid by a monthly deduction from the employee's annuity.***

(D) **Surviving children who are receiving annuity benefits** lose their eligibility for annuity benefits, upon marriage.

(E) **Loss of annuity entitlement due to remarriage** may also affect eligibility for continuation of insurance coverage.

2. In general, a retiree (a) **who has declined** to elect a survivor benefit for a spouse at retirement, or (b) **who has declined** to elect the maximum survivor annuity for a spouse at retirement, **may within 18 months of retirement**, elect a survivor benefit or increase the earlier election to one of a maximum survivor benefit. **However, *there is a substantial increase in the initial cost of an increase in a survivor election under this provision.***

ANNUITANT DIRECT

The Bureau of Resource Management in partnership with the Office of Personnel Management (OPM) implemented Annuitant Direct. Annuitant Direct is an innovative automated system that puts you in control of processing your own discretionary changes such as:

- Federal and State Tax withholdings
- Change or establish Voluntary Allotments
- Change or start Direct Deposit
- Request a duplicate Form 1099R
- Change Home Address

To Access Annuitant Direct, using a touch-tone telephone, call toll free **1-888-866-5166** or direct at **1-478-757-3137**. You will also need your Annuitant Direct Personal Identification Number (PIN) and your Social Security Number. By now, you should have received in the mail a confidential PIN from OPM. **If you have not received your PIN, please contact OPM's Annuitant Direct Help-Desk at 1-478-757-3106.**

The Senior Living Foundation is Making a Difference

The Senior Living Foundation of the American Foreign Service is giving significant help to elderly Foreign Service colleagues, spouses, widows, widowers, etc. who find it difficult to cope with their life situations. What began as a dream of the American Foreign Service Protective Association as a vehicle to help our elderly colleagues is now an active and dynamic operation that hundreds of retired Foreign Service people turn to each year. The Foundation's appeal is based on the idea that "we take care of our own".

In 2002 the Foundation made over \$150,000 in grants, a far cry from the beginning, when the Foundation operated on a rather minimal basis, providing information and access to resources available through existing public and private programs. Now a social worker with extensive Foreign Service experience reviews each case to determine the best resources available for the individual. The intervention ranges from information on Meals on Wheels to Assessment and Planning with a Geriatric Case Manager.

Over the past several years, thanks to the generous support of the Foreign Service community, the Foundation has been able to provide financial assistance to help cover the cost of home health care, transportation to medical appointments, hearing aids, prescription drug costs, and durable medical equipment, like wheelchairs.

It has been an exciting and dynamic year for the Foundation as it has reached more of our colleagues in need. Here are some examples of what the Foundation has done in the past few years:

An 85-year-old Foreign Service secretary called the Foundation for assistance with her basic living expenses. She is legally blind and suffers from many medical problems. Also she has had extensive dental work to improve her health. The Foundation provides a monthly grant to subsidize her basic living expenses and pay her prescription drug copayments. In addition, we have paid some of her pharmacy bills.

An 80-year-old Foreign Service staff employee contacted the Foundation for assistance since he is being treated for cancer and is bedridden due to a stroke. The Foundation provides a monthly grant for Home Health Care, medical supplies and prescription drug copayments.

A 77-year-old Foreign Service widow wrote the Foundation for assistance with transportation to her medical appointments. She had been diagnosed with cancer. The Foundation sent a Geriatric Case Manager to visit and do an assessment. We are providing a monthly grant for home health care, groceries and transportation to medical appointments.

The Senior Living Foundation may be able to help you or someone you know with information and/or financial assistance. For more information, please call:

Senior Living Foundation of the American Foreign Service
1716 N Street, NW
Washington, D. C. 20036
Phone: (202) 887-8170
Fax: (202) 872-9320

CHANGE OF ADDRESS

1. Please continue to keep us informed of any change in your correspondence address.
2. If you need to contact us for any reason, please include your social security number. This will help us identify your records faster.

SPECIAL ANNOUNCEMENT

You may now reach us toll free at **1-866-224-9053** *or* direct on **202-261-8960**. We also invite you to visit or contact us through our Office of Retirement website, www.state.gov/m/dghr/ret.

Our address is:

Department of State
Office of Retirement (HR/RET)
Room H-620, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108
Fax: (202)261-8988

You may now reach the Retirement Accounts Division (RAD) at www.rad2@state.gov.

The RAD address is:

Department of State
Retirement Accounts Division
Charleston Financial Service Center
P. O. Box 150008
Charleston, South Carolina 29415-5008
Phone: (843) 308-5552

We wish you good health and happiness in retirement. It is always our pleasure to serve you.

Sincerely,

Cecelia A. Cooper, Director
Office of Retirement

Daniel S. Webber, Chief
Retirement Policy

Enclosures:
As stated.

FEGLI ELECTION FORM OPTION B COVERAGE

_____ I hereby elect **No Reduction** for _____ multiples of my Option B (Additional) Life insurance. I understand any remaining multiples will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65. I understand that this means the full value of my No Reduction multiples will continue for life, and my premiums will continue at the rate appropriate for my age group, and may change in the future. I understand that I can cancel or reduce, but not increase, the number of No Reduction multiples at any time, but that if I do I will not receive a refund of premiums. I also understand that retroactive premiums will be collected for any months during which my annuity was paid but no Option B premiums were withheld.

_____ I hereby elect **Full Reduction** for all of my multiples of Option B (Additional) Life Insurance. I understand that my Option B coverage will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65 and that I will not receive a refund of premiums. I understand that this election is irreversible as of the first of the month after the month in which I reach age 65.

Typed or Printed Name

Social Security Number

Signature

Date

Return Completed Election to:

Department of State
Office of Retirement (HR/RET)
Room H-620, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108
(202) 261-8960 FAX (202) 261-8988

FEGLI ELECTION FORM OPTION C COVERAGE

_____ I hereby elect **No Reduction** for _____ multiples of my Option C (Family) Life insurance. I understand any remaining multiples will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65. I understand that this means the full value of my No Reduction Option C multiples will continue for life, and my premiums will continue at the rate appropriate for my age group, and may change in the future. I understand that I can cancel or reduce, but not increase, the number of No Reduction multiples at any time, but that if I do I will not receive a refund of premiums. I also understand that retroactive premiums will be collected for any months during which my annuity was paid but no Option C premiums were withheld.

_____ I hereby elect **Full Reduction** for all of my multiples of Option C (Family) Life Insurance. I understand that my Option C coverage will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65 and that I will not receive a refund of premiums. I understand that this election is irreversible as of the first of the month after the month in which I reach age 65.

Typed or Printed Name

Social Security Number

Signature

Date

Return Completed Election to:

Department of State
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